Perpetual Investment Funds

PERPETUAL SMALLER COMPANIES FUND

July 2026

FUND FACTS

Investment objective: Aims to provide long-term capital growth and income through investment in quality Australian industrial and resource shares which, when first acquired, do not rank in the S&P/ASX 50 Index.

FUND BENEFITS

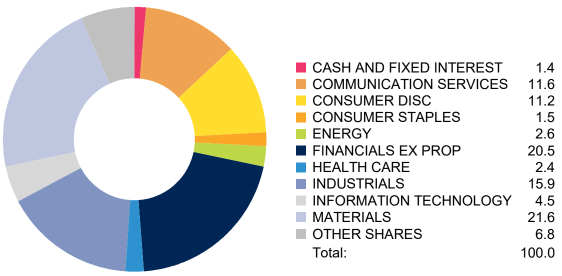
Provides investors with the potential to benefit from the growth of quality smaller or emerging companies, through active management by one of Australia's most experienced investment management teams.

FUND RISKS

All investments carry risk and different strategies may carry different levels of risk. The relevant product disclosure statement or offer document for a fund should be considered before deciding whether to acquire or hold units in that fund. Your financial adviser can assist you in determining whether a fund is suited to your financial needs.

Benchmark: S&P/ASX Small Ordinaries Accum. Index
Inception Date: October 1996
Size of Portfolio: $596.44 million as at 30 Jun 2026
APIR: PER0048AU
Management Fee: 1.25%*
Investment style: Active, fundamental, bottom-up, value
Suggested minimum investment period: Five years or longer

PORTFOLIO SECTORS



TOP 5 STOCK HOLDINGS

	% of Portfolio
News Corporation	3.1%
Qualitas Limited	2.9%
FleetPartners Group Limited	2.9%
Vault Minerals Limited	2.8%
Capricorn Metals Ltd	2.8%

NET PERFORMANCE - periods ending 31 July 2026

	Fund	Benchmark #	Excess
1 month	-1.73	-3.17	+1.43
3 months	1.90	-3.18	+5.08
1 year	8.15	1.81	+6.33
2 year p.a.	8.32	6.56	+1.76
3 year p.a.	7.19	7.46	-0.27
4 year p.a.	7.61	5.75	+1.86
5 year p.a.	6.39	2.18	+4.21
7 year p.a.	9.41	4.36	+5.05
10 year p.a.	8.94	5.81	+3.13
Since incep. p.a.	11.63	5.51	+6.13

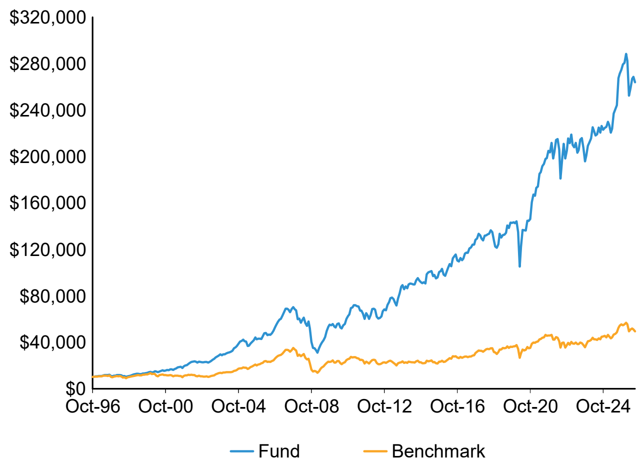
Past performance is not indicative of future performance. Returns may differ due to different tax treatments.

PORTFOLIO FUNDAMENTALS^

	Portfolio	Benchmark
Price / Earnings*	13.9	15.2
Dividend Yield*	3.8%	3.9%
Price / Book	1.8	1.6
Debt / Equity	25.7%	36.0%
Return on Equity*	14.3%	12.4%

^ Portfolio Fundamentals are compiled using our methodology and provided only for the purpose of illustrating the Fund's investment style in action. These figures are forecast estimates, calculated based on consensus broker estimates where available, and should not be relied upon. Dividend Yield is a dividend forecast of underlying securities for the portfolio and does not reflect the distributions to be determined for the fund.
* Forward looking 12-month estimate.

GROWTH OF $10,000 SINCE INCEPTION



*Information on Management Costs (including estimated indirect costs) is set out in the Fund's PDS.

MARKET COMMENTARY

The S&P/ASX 300 returned 2.13% in July 2026, the fourth consecutive monthly gain, closing within 1.25% of all-time highs after a late-month break higher. Energy led sectors (+12.06%) as bombing resumed in the US-Iran war. Financials (+5.79%) outperformed on bank strength even as housing stayed weak and federal CGT changes created uncertainty. Health care (+2.17%), consumer discretionary (+1.11%) and communication services (+1.07%) also rose. Information technology was weakest (−4.78%) on US AI-trade weakness in data centre names. Industrials (−1.40%) fell as defence names Electro Optic Systems and DroneShield dropped -35.1% and -30.0% respectively. Utilities (−0.95%), materials (−0.92%) and real estate (−0.39%) also declined, with materials mixed as rare earths and lithium lagged while base metals and select gold miners gained. In domestic macro news, the RBA did not meet in July. Employment firmed while Q2 trimmed mean CPI undershot expectations, and Governor Bullock reiterated a cautious, inflation-focused stance.

PORTFOLIO COMMENTARY

The portfolio's largest overweight positions include Capricorn Metals, Qualitas and FleetPartners Group. Conversely, the portfolio 's largest relative underweight positions include Megaport Ltd, Ventia Services Group and Codan Ltd, all of which were not held.

News Corporation climbed 9.31% for the month. While there was no major news out for NWS during July, the company reported a strong result for Q4 in early August. On a group basis, NWS reported a +13% EBITDA beat versus consensus, with all segments coming in above expectations. The most significant beats by segment on an EBITDA basis were Dow Jones and Digital Real Estate, exceeding expectations by 10% and 13% respectively, which was particularly encouraging for us. Firstly, we have maintained that the Dow Jones business, and NWS 's portfolio of assets more broadly, is undervalued by the market. Much of this stems from a perception that the rump of NWS (ex-REA) is a low-quality business in structural decline, exposed to the pressures facing traditional newspapers. This result gives credibility to the sustainable growth of Dow Jones and supports a re-rating as the market comes to appreciate this business. Secondly, we have continued to believe REA will prove resilient to the threat of AI. It was with this in mind that we materially added to our position in NWS earlier in the year, when fears around AI disruption were at their peak. NWS have also continued their active buyback program, repurchasing US$184m of shares during Q4 and taking the FY26 total to US $643m. This signals that NWS management share our belief that the share price does not reflect the company's intrinsic value.

oOh Media (OML) posted its fourth straight month of gains with a 6.9% return in July, primarily driven by continued competitive tension into the final bidding stage for the acquisition of OML, in the range of A $1.60 to A$1.65 per share. On 10 August, OML subsequently entered into a Scheme Implementation Agreement with I Squared Capital, under which I Squared will acquire all OML shares at A $1.70 per share in cash. The final offer represents a 6.9% premium to OML's previous closing price, 21.4% more than the initial offer in late April, and double the share price prior to the initial offer. The transaction remains subject to various approvals, however the OML board unanimously recommends shareholders vote in favour. The company has also flagged the potential payment of a fully franked special dividend of approximately 10c per share prior to implementation. As a result of this outcome, OML has been the second largest contributor to six-month performance to 31 July.

Cobram Estate Olives (CBO) declined 26.4% in July, though the fall was softened by a 14.5% gain over the final four trading sessions of June. The decline was driven in part by CBO's July 7 harvest and business update, with the stock falling 6.25% on the day. CBO announced that California Olive Ranch (COR) earnings will not reach the earn-out hurdle, which requires EBITDA above US $7.125m in 1H26 for a maximum payment of US$15m, and disclosed a dispute with the COR sellers over a purchase price adjustment of US $31.9m, with no further detail provided. The market reacted negatively to both the near-term underperformance of the COR business and the uncertainty surrounding the dispute. The 2026 Australian harvest also weighed on sentiment, producing 12.1m litres of olive oil, of which 10.6m litres came from Cobram owned groves, below some broker estimates. Importantly, however, 12.1m litres is enough to carry sales of Cobram's branded and private label products through to the 2027 Australian harvest. Despite the recent negative sentiment, we remain confident in Cobram's ability to navigate these short-term issues and realise value from the COR acquisition, leveraging its strong market position and the tailwinds from grove maturity, synergies and scale.

Iluka Resources (ILU) fell 14.43% in July amid a sector-wide selloff in rare earth exposed companies, with Lynas and MP Materials (MP-US) declining 22% and 27.14% (in AUD terms) respectively. ILU's share price recovered in early August, and at the time of writing, is trading back above July levels. This rebound was preceded by a strong June quarter result, released on 28 July, which highlighted accelerated inventory drawdown, improved cash generation and reduced balance sheet risk. Off the back of pricing and volume strength, mineral sands net debt declined by A $144mn during the quarter to A$273m. Our constructive outlook for the stock is partly due to the construction of the rare earths refinery at Eneabba, which will drive strong earnings growth once it ramps up in mid-2027. Progress towards this has been supported by two milestones reached in June. First, ILU announced that it signed a binding, multi-year magnet rare earth oxide (MREO) supply agreement with an unnamed global automotive company. Second, the Australian Government confirmed the drawdown of the A$400m Tranche 2 non-recourse loan to finish construction of the Eneabba refinery.

OUTLOOK

It remains a difficult environment for long term fundamental investors with macro themes continuing to dominate as the Iran war, Russia-Ukraine fighting, rising political populism, tariffs, the AI capex boom and inflation challenges offering competing narratives and buffeting the market in different directions day after day. This exposes stock pickers to a lot of risk that is both unrewarded and difficult to anticipate. Rather than worry about the headlines we cannot control, we continue to focus on the things we can – including building a portfolio of businesses with strong balance sheets, low leverage, durable earnings and pricing power - purchased at reasonable valuations. That combination – financial robustness plus a valuation margin of safety – is what allows a portfolio to absorb geopolitical shocks without permanent capital impairment, rather than chasing momentum in whichever sector the latest headline favours.

Benchmark prior to 1/4/2000 was the ASX Small Ordinaries Accumulation Index. From 1/4/2000 to current the benchmark is S&P/ASX Small Ordinaries Accumulation Index.

MORE INFORMATION

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